

**LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION**

**FINANCIAL REPORT**

**JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/11

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Immersive Technologies Enterprise Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Immersive Technologies Enterprise Commission, as of June 30, 2010, and the change in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

\* A Professional Accounting Corporation

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2010, on our consideration of the Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Broussard, Pocha, Lewis & Breany LLP*

Lafayette, Louisiana  
December 2, 2010

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Louisiana Immersive Technologies Enterprise Commission's (the "LITE") financial performance provides an overview of the financial activities for the year ended June 30, 2010. Please read it in conjunction with LITE's financial statements, which begin on page 6.

#### I. FINANCIAL HIGHLIGHTS

LITE's net assets decreased by \$1,708,355 or 6.0% as a result of this year's operations.

LITE's operating revenues were \$439,981 for the year ended June 30, 2010, compared to \$422,733 for the year ended June 30, 2009, an increase of 4.1%.

Funding provided by the State and other grantors was \$4,298,110 for the year ended June 30, 2010, compared to \$5,366,683 the previous year, a decrease of \$1,068,573 or 19.9%, largely due to State budget cuts.

Total operating expenses during the year ending June 30, 2010 were \$6,452,089, compared to \$3,860,698 during the year ending June 30, 2009, an increase of \$2,591,391 or 67.1%, mainly as a result of depreciation expense on recent additions.

#### II. USING THIS ANNUAL REPORT

Our analysis of LITE begins on page 3. One of the most important questions asked about LITE's finances is, "Is LITE better off or worse off as a result of the year's activities?" The statement of net assets and the statement of changes in revenues, expenses, and changes in net assets report information about LITE and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report LITE's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure LITE's financial position or financial health. Over time, increases or decreases in LITE's net assets are one indicator of whether its financial health is improving or deteriorating.

Another measure of LITE's financial health is the in kind services as documented by the expenses and reduced revenue in support of business development (Pixel Magic, Global Data Systems, Accelerator), university research and development (UL Lafayette CAVE, Picard Center for Child Development and Lifelong Learning) and internal innovation investments (medical technology visualization, LEDA downtown project, transportation development), as well as use of facilities to support the arts, science and engineering, and economic development activities in the community.

In accordance with Government Accounting Standards, both government-wide and fund financial statements are typically presented. However, because LITE's activities are considered business-type activities, the statements in both presentations are identical. As a result, only one set of financial statements is presented.

## II. CONDENSED FINANCIAL STATEMENTS

The following table reflects the condensed statement of net assets for 2010, with comparative figures from 2009.

**TABLE I**  
CONDENSED STATEMENT OF NET ASSETS  
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS:		
Current assets	\$ 1,309,083	\$ 1,704,274
Capital assets, net	<u>25,643,549</u>	<u>27,314,063</u>
Total assets	<u>\$26,952,632</u>	<u>\$29,018,337</u>
Current liabilities	<u>\$ 284,840</u>	<u>\$ 642,190</u>
Net assets:		
Invested in capital assets	\$25,643,549	\$27,314,063
Unrestricted	<u>1,024,243</u>	<u>1,062,084</u>
Total net assets	<u>\$26,667,792</u>	<u>\$28,376,147</u>
Total liabilities and net assets	<u>\$26,952,632</u>	<u>\$29,018,337</u>

The following table provides a summary of the statement of revenues, expenses, and change in net assets for the year ended June 30, 2010, with comparative figures from 2009:

**TABLE II**  
**CONDENSED STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 439,981	\$ 422,733
Operating expenses	<u>6,452,089</u>	<u>3,860,698</u>
Operating loss	\$(6,012,108)	\$(3,437,965)
Nonoperating revenues	<u>4,303,753</u>	<u>4,636,831</u>
Change in net assets	\$(1,708,355)	\$ 1,198,866
Net assets, beginning	<u>28,376,147</u>	<u>27,177,281</u>
Net assets, ending	<u>\$26,667,792</u>	<u>\$28,376,147</u>

During the fiscal year ended June 30, 2010, funding provided by the State and other grantors decreased by \$1,068,573 or approximately 19.9% compared to 2009.

Operating expenses, excluding depreciation expense of \$2,954,758 and \$215,848 at June 30, 2010 and 2009, respectively, decreased by \$147,519 or approximately 4.0%.

### III. CAPITAL ASSETS

At June 30, 2010, LITE had \$25,643,549 invested in capital assets. This amount represents a net decrease of \$1,670,514 from last year. This decrease is largely due to depreciation expense being taken on recent additions.

### IV. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In creating the budget for the fiscal year ended June 30, 2011, management considered many factors. One of the most critical is another anticipated reduction in state revenues similar to the 2010 fiscal report. This will be balanced with emphasis on increasing operational revenues and reducing operating expenses. Next year's budget will also include increased capital outlay revenue to support net assets of the LITE facility.

V. CONTACTING THE LITE'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the LITE's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Monica Laverne, the LITE's Chief Operating Officer, at the LITE's main office located at 537 Cajundome Blvd., Lafayette, LA, 70506 or by phone at (337) 735-5483.



LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF NET ASSETS  
June 30, 2010

ASSETS	
CURRENT ASSETS	
Cash	\$ 473,706
Accounts receivable	4,242
Due from other governmental agencies	791,212
Prepaid expenses	<u>39,923</u>
Total current assets	<u>\$ 1,309,083</u>
CAPITAL ASSETS	
Non-depreciable	\$ 678,931
Depreciable, net	<u>24,964,618</u>
Total capital assets	<u>\$25,643,549</u>
Total assets	<u>\$26,952,632</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 197,521
Deferred revenue	51,985
Compensated absences	<u>35,334</u>
Total current liabilities	<u>\$ 284,840</u>
NET ASSETS	
Invested in capital assets	\$25,643,549
Unrestricted	<u>1,024,243</u>
Total net assets	<u>\$26,667,792</u>
Total liabilities and net assets	<u>\$26,952,632</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET ASSETS  
Year Ended June 30, 2010

Operating revenues:	
Lease revenue	\$ 359,501
Project revenue	63,730
Venue usage revenue	9,800
Miscellaneous	6,950
Total operating revenues	<u>\$ 439,981</u>
Operating expenses:	
Salaries and employee benefits	\$ 2,285,770
Business development	8,063
Depreciation expense	2,954,758
Economic development	5,563
Insurance	37,283
Marketing and advertising	10,683
Outside services	8,450
Professional development	19,794
Professional services	44,728
Project expense	10,000
Repairs and maintenance	255,488
Small equipment	109,536
Software expense	50,661
Supplies	41,503
Technology expense	91,256
Telephone and internet	58,749
Travel	20,535
Utilities	425,411
Waste disposal	5,563
Other	8,295
Total operating expenses	<u>\$ 6,452,089</u>
Operating loss	<u>\$(6,012,108)</u>
Nonoperating revenues:	
Funding provided by State of Louisiana:	
University of Louisiana at Lafayette	\$2,751,944
Department of Economic Development	1,546,166
Interest income	5,643
	<u>\$ 4,303,753</u>
Change in net assets	<u>\$(1,708,355)</u>
Net assets, beginning	<u>28,376,147</u>
Net assets, ending	<u>\$26,667,792</u>
See Notes to Financial Statements.	

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2010

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from lessees, venue usage and projects	\$ 767,883
Payments to suppliers for goods and services	(1,709,452)
Payments to employees and for employee related costs	(2,276,160)
Other receipts	<u>6,950</u>
Net cash used in operating activities	<u><u>\$ (3,210,779)</u></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Intergovernmental funding	<u>\$ 2,547,633</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	\$ (1,115,729)
Intergovernmental funding	<u>1,157,556</u>
Net cash provided by capital and related financing activities	<u>\$ 41,827</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>\$ 5,643</u>
Net decrease in cash	\$ (615,676)
Cash, beginning of year	<u>1,089,382</u>
Cash, end of year	<u><u>\$ 473,706</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (6,012,108)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,954,758
Change in assets and liabilities -	
Decrease in receivables	417,108
Increase in due from other governmental agencies	(6,249)
Increase in prepaid expenses	(38,423)
Decrease in accounts payable and accrued expenses	(459,468)
Decrease in deferred revenue	(76,007)
Increase in compensated absences	24,237
Decrease in payroll tax liabilities	<u>(14,627)</u>
	<u><u>\$ (3,210,779)</u></u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Louisiana Immersive Technologies Enterprise Commission (the "LITE") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements for both the business-type activities and enterprise fund financial statements. Although LITE has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant of LITE's accounting policies are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

LITE is a political subdivision of the State of Louisiana, created pursuant to Louisiana Revised Statutes 51:2101 and 51:2102. LITE came into existence on June 23, 2006 with the signing of Act 624. LITE serves the state by furthering education in immersive technologies, engaging in collaborative research involving immersive technologies, and by furthering the economic development of business and industries utilizing immersive technologies. LITE is governed by a Board of Commissioners, composed of seven persons appointed by the Secretary of the Louisiana Department of Economic Development, the Chairman of the Board of the Lafayette Economic Development Authority, and the President of the University of Louisiana at Lafayette.

Component units:

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

## NOTES TO FINANCIAL STATEMENTS

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

### Basis of presentation:

LITE's basic financial statements consist of its Enterprise Fund's financial statements which report the business type activities of the entity. The statements are prepared in accordance with accounting principles generally accepted in the United State of America as applied to governmental units.

Because LITE operates as a business type entity, presentation of separate government-wide and fund financial statements would be redundant (the two are identical); thus, LITE has presented one set of basic financial statements.

LITE considers lease, venue usage and project revenues to be operating revenues, while revenues derived from intergovernmental agreements, grants and other similar funding arrangements to be non-operating revenues.

### Basis of accounting:

The basic financial statements presented are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which LITE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

## NOTES TO FINANCIAL STATEMENTS

### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, LITE considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. LITE had no cash equivalents at June 30, 2010.

### Custodial credit risk:

LITE is exposed to custodial credit risk as it relates to their deposits with financial institutions. LITE's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in LITE's name. Accordingly, LITE had no custodial credit risk related to its deposits at June 30, 2010.

### Capital assets:

LITE's property, plant, and equipment (fixed assets) with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the financial statements as capital assets. LITE maintains a capitalization threshold level of \$5,000 for software licenses and \$1,000 for all other fixed asset purchases. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an expense in the statement of revenues, expenses, and changes in net assets, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	30
Buildings and improvements	10 - 30
Equipment	5 - 7
Computer hardware	5
Software	3

## NOTES TO FINANCIAL STATEMENTS

### Equity classifications:

Equity is classified as net assets and displayed in three components: (1) invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net assets - consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### Compensated absences:

Employees earn a set amount of vacation leave each year depending on years of service. Vacation leave may be carried forward from year to year, with the accumulated total not exceeding thirty days. Upon termination of employment with LITE, employees are paid for unused vacation time that has been earned through the last day of work. As such, a provision for this has been made in the financial statements.

Employees also earn sick leave at a rate of one day per month. Sick leave may be carried forward from year to year, with the accumulated total not exceeding twelve working days. When employment with LITE is severed, either voluntarily or involuntarily, all accrued sick time is forfeited and is not compensated in the form of cash or any other benefit.

### New accounting pronouncement:

LITE implemented GASB 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" effective July 1, 2009. GASB Statement 45 requires the recording of an other post employment benefit (OPEB) liability for post employment benefits other than pensions that are provided to retirees and future retirees. LITE provides no post employment benefits to retirees that would require the recording of an OPEB liability; thus, the implementation of GASB Statement 45 had no effect on LITE's financial statements.

# NOTES TO FINANCIAL STATEMENTS

## Note 2. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2010 consist of the following:

State of Louisiana	\$ 545,652
Lafayette Economic Development Authority	6,249
University of Louisiana at Lafayette	204,311
Louisiana State University, University Medical Center	<u>35,000</u>
	<u>\$ 791,212</u>

## Note 3. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -0-	\$ 678,931	\$ -0-	\$ 678,931
Capital assets being depreciated:				
Land improvements	\$ -	\$ 8,618	\$ -	\$ 8,618
Building	15,717,705	-	-	15,717,705
Building improvements	47,113	216,240	-	263,353
Equipment	9,969,028	-	-	9,969,028
Computer hardware	1,382,993	368,980	-	1,751,973
Software	<u>418,991</u>	<u>11,475</u>	<u>-</u>	<u>430,466</u>
	<u>\$27,535,830</u>	<u>\$ 605,313</u>	<u>\$ -0-</u>	<u>\$28,141,143</u>
Less accumulated depreciation for:				
Land improvements	\$ -	\$ -	\$ -	\$ -
Building	-	(523,923)	-	(523,923)
Building improvements	(731)	(3,384)	-	(4,115)
Equipment	(6,263)	(1,989,293)	-	(1,995,556)
Computer hardware	(102,025)	(297,219)	-	(399,244)
Software	<u>(112,748)</u>	<u>(140,939)</u>	<u>-</u>	<u>(253,687)</u>
	<u>\$ (221,767)</u>	<u>\$ (2,954,758)</u>	<u>\$ -0-</u>	<u>\$ (3,176,525)</u>

(continued)



# NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Total capital assets being depreciated, net	<u>\$27,314,063</u>	<u>\$(2,349,445)</u>	<u>\$ -0-</u>	<u>\$24,964,618</u>
Capital assets, net	<u>\$27,314,063</u>	<u>\$(1,670,514)</u>	<u>\$ -0-</u>	<u>\$25,643,549</u>

Depreciation expenses for the year ended June 30, 2010 was \$2,954,758.

## Note 4. Economic Dependency

Operating funds transferred from the University of Louisiana at Lafayette for the year ended June 30, 2010 totaled \$2,751,944, or 58% of overall revenue. In addition, capital outlay grants from the State of Louisiana provided \$1,546,166, or 33% of overall revenue for the year ended June 30, 2010.

## Note 5. Lease Agreements

LITE leases office space within its facility to several private companies. These office spaces are rented at fair market value rates. Lease terms vary depending on each tenant's needs. Future minimum rental payments to be received on these operating leases are summarized below:

<u>Year Ending June 30,</u>	
2011	\$ 336,167
2012	57,426
2013	<u>25,000</u>
	<u>\$ 418,593</u>

## Note 6. Lease of Property

LITE's facilities are located on property leased from the University of Louisiana at Lafayette. The lease is for an unspecified period of time and there is no rental expense associated with the lease.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Retirement Plan

LITE administers a 457 defined contribution plan to provide retirement benefits for its employees. Trustees of the trust established as part of this plan are the Chief Executive Officer and the Executive Committee of the Board of Commissioners. LITE may amend the plan at any time by notification to employees in writing. Employees are eligible to become a participant in the plan on the first day of the month following the date he or she reaches age 21 and completes six consecutive calendar months of employment at LITE. Employees may choose to contribute any amount of compensation to the plan, up to the maximum amount allowed by law. LITE matches employee contributions up to 5% of the employee's compensation. LITE's matching contributions for the year ended June 30, 2010 were \$30,005.

### Note 8. Risk Management

LITE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. LITE purchases commercial insurance to cover any claims related to these risks.

### Note 9. Contingencies

In the normal course of operations, LITE receives grant funds from various state agencies. The grants are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.



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Elizabeth J. Moreau, CPA\*  
Frank D. Bergeron, CPA\*  
Lonnie J. Hebert, CPA\*

**Retired:**

Sidney L. Broussard, CPA 1925-2005  
Leon E. Poché, CPA 1984  
James H. Breau, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA 1992  
Geraldine J. Wimberley, CPA 1995  
Lawrence A. Cramer, CPA 1999  
Ralph Friend, CPA 2002  
Donald W. Kelley, CPA 2005  
George J. Trappey, III, CPA 2007  
Terrel P. Dressel, CPA 2007  
Herbert Lemoine II, CPA 2008

*Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants*

\* A Professional Accounting Corporation

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered LITE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LITE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LITE's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of LITE's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses at #2010-1, #2010-2 and #2010-3 to be material weaknesses.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LITE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

LITE's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit LITE's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Brussard, Roche, Lewis & Breunig LLP*

Lafayette, Louisiana  
December 2, 2010

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2010

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2010, resulted in unqualified opinions.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No

Control deficiencies identified  
that are not considered to be  
material weakness(es)

☐ Yes ☒ None reported

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II. Financial Statement Findings

#2010-1 Credit Card Purchases

Finding: Instances were noted where detailed credit card receipts were not maintained for purchases of meals. While there was an indication of who attended the meal/meeting and what the purpose of the meal/meeting was on the summary receipts, detailed receipts should be maintained to substantiate the number of meals purchased and that purchases are not in violation of State Law. In addition, while LITE does have a policy governing expenditures, they do not have written policies and procedures for use of the government's credit cards.

Recommendation: Written policies and procedures for use of the government's credit cards should be developed and detailed receipts should be maintained for all credit card purchases.

Management Response: Written policies and procedures will be developed for use of the government's credit cards. In addition, those policies and procedures will include a policy that detailed credit card receipts be maintained for all credit card purchases.

#### **#2010-2 Capital Asset Tracking System**

**Finding:** LITE does not have a formal capital asset tracking system. Capital assets are not tagged for ownership and control purposes and physical inventories of all capital assets are not conducted periodically. Adequate controls are necessary in the safeguarding of capital assets from unauthorized use and theft.

**Recommendation:** A system of tracking capital assets should be implemented. Capital asset records should include a description of the asset, year of acquisition, method of acquisition, funding source, cost or estimated cost, salvage value, and the estimated useful life.

**Management Response:** A capital asset tracking system was recently purchased and is currently being implemented and policies over tracking of capital assets are currently being developed.

#### **#2010-3 Payroll and Attendance Records**

**Finding:** Attendance records are maintained for part-time employees only.

**Recommendation:** Policies and procedures that require all LITE personnel to prepare and file time/attendance reports should be implemented. The reports should be reviewed and approved and the approval documented.

**Management Response:** Policies and procedures have been implemented to require all LITE personnel to prepare and file time/attendance reports. The procedures include having the reports reviewed and approved and the approval documented.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF PRIOR FINDINGS  
Year Ended June 30, 2010

Section I. Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2009.